

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 00488 181702Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00
LAB-04 SIL-01 OMB-01 FEA-01 SS-15 NSC-05 L-03 H-01
PA-01 PRS-01 AGRE-00 INT-05 /081 W
-----190222Z 081860 /63

R 181615Z JAN 77
FM US MISSION EC BRUSSELS
TO SECSTATE WASHDC 2789
INFO ALL EC CAPTIALS 2989

LIMITED OFFICIAL USE EC BRUSSELS 0488

E.O. 11652: N/A
TAGS: EEC EIND ETRD UK
SUBJECT: STATE AIDS; EC COMMISSION BLOCKS UK INDUSTRY AID SCHEME

REF: 76 EC BRUSSELS 11682

1. THE EC COMMISSION HAS OPENED PROCEDURES AGAINST A 25 MILLION POUND AID PLAN INTENDED TO BENEFIT THE UK INDUSTRY MANUFACTURING INSTRUMENTS AND COMPONENTS FOR AUTOMATION. UNDER THE PROVISIONS OF ARTICLE 93 OF THE EEC TREATY, THIS ACTION EFFECTIVELY BLOCKS THE SCHEME.

2. AFTER BEING INFORMED OF THE BRITISH PLAN LAST OCTOBER, THE COMMISSION ASKED FOR THE UK TO PRESENT ITS JUSTIFICATION FOR THE PLAN UNDER ARTICLE 92 OF THE EEC TREATY. THE OPENING OF PROCEDURES IS THE FIRST FORMAL STEP THE COMMISSION USED TO INDICATE THAT, AFTER REVIEW, IT CONSIDERED THE PLAN INCOMPATIBLE WITH THE FUNCTIONING OF THE COMMON MARKET. ACCORDING TO THE COMMISSION, OBJECTIONS TO THE PROPOSED SCHEME WERE VOICED ON GROUNDS THAT THEY WOULD DISTORT TRADE.

3. IF THE UK WISHES TO CONTEST THE FINDING OF THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 00488 181702Z

COMMISSION, IT MAY APPEAL TO THE EC COUNCIL WHICH MAY BY UNANIMOUS DECISION ALLOW A DEROGATION FROM THE PROVISIONS OF ARTICLE 92, BUT COMMISSION OFFICIALS FEEL THIS IS VERY UNLIKELY--ONLY ONCE BEFORE IN EEC HISTORY HAS SUCH A DEROGATION BEEN APPROVED. THEY EXPECT THE UK WILL RESPOND TO COMMISSION CRITICISMS AND AMEND THE PLAN TO CONFORM WITH THE TREATY.

4. THE COMMISSION IS LOOKING AT TWO OTHER NEW UK INDUSTRIAL AID SCHEMES: ONE FOR THE ELECTRIC COMPONENTS INDUSTRY AND ANOTHER FOR NON-FERROUS FOUNDRIES. MISGIVINGS EXIST AMONG EC COMPETITION OFFICIALS ON THE FIRST PLAN, BUT NO DECISION HAS YET BEEN TAKEN TO OPEN PROCEDURES. OBJECTIONS TO THE SECOND PROPOSAL WERE MADE INFORMALLY BY THE COMMISSION AND OFFICIALS ARE AWAITING A UK REVISION OF THE SCHEME.

5. PIERRE MATHIJSEN, EC OFFICIAL RESSPONSIBLE FOR JUDGING THE TRADE DISTORTION EFFECTS OF NATIIONAL AID SCHEMES, SAID HE WAS NOT WORRIED ABOUT ANY INCREASE IN UK STATE AID SCHEMES SINCE NEW PROPOSALS HAVE DROPPED IN NUMBER SINCE LAST SUMMER. MOREOVER, MATHIJSEN CLAIMED, EACH PROJECT WAS SELDOM GREATER THAN 10 TO 15 MILLION POUNDS. THE COMMISSION, HE SAID, WAS SATISFIED THAT THE SCHEMES WERE INTENDED TO HELP RESTRUCTURE THE INDUSTRY CONCERNED (PERMITTED BY THE TREATY), AND NOT TO PROVIDE PRODUCTION SUBSIDIES.HINTON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE DISCRIMINATION, AUTOMATION, ECONOMIC ASSISTANCE, ALLEGATIONS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ECBRU00488
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770019-0205
Format: TEL
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770143/aaaablaa.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 068147d5-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 11682
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3575062
Secure: OPEN
Status: NATIVE
Subject: STATE AIDS; EC COMMISSION BLOCKS UK INDUSTRY AID SCHEME
TAGS: EIND, ETRD, UK, EEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/068147d5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009